V. BELLSOUTH'S ENTRY INTO THE INTERLATA MARKET AT THIS TIME WOULD HARM THE PUBLIC INTEREST.

WorldCom urges the Commission not to reach the public interest test in connection with BellSouth's application. The public interest analysis only takes place once a BOC has satisfied the other requirements of Section 271. Ameritech Michigan Order ¶ 381. BellSouth has not, and thus the public interest issue need not be reached. If the Commission decides to reach the public interest test, however, it should conclude that interLATA entry by BellSouth would harm the public interest.

1. As the Commission has recognized, the public interest inquiry "should focus on the status of market-opening measures in the relevant local exchange market." Ameritech Michigan Order ¶ 385. BellSouth has a different view, arguing that the public interest supports its application because the long-distance market is now an "oligopoly," dominated by a few large carriers. BellSouth Brief at 72-85. But the local exchange market, both in South Carolina and the rest of the BellSouth region, is a monopoly, dominated by only one carrier. Moreover, as the Commission has recognized, the long distance marketplace is fully open to competition, and has been subject to a significant degree of competition for close to a decade and a half; there are no dominant carriers in the long distance marketplace; and overall long distance rates have declined significantly in the past several years.[15] Whatever residual imperfections may still exist in the long-distance market pale in comparison to the near-total monopoly that the RBOCs still possess over the local market. On this basis alone, the focus of Congress and the Commission on

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[15] Motion of AT&T to be Reclassified as a Non-Dominant Carrier, 11 FCC Rcd 3271 (1995).

competition (or the lack thereof) in the local market is fully justified.

In addition, in the long-distance market "switching customers from one long distance company to another is now a time-tested, quick, efficient, and inexpensive process." Ameritech Michigan Order ¶ 17. Moreover, the RBOCs can take advantage of at least five competing nationwide interexchange networks, as well as a multitude of competing regional networks and the RBOCs' own substantial interoffice networks. Thus the RBOCs will be able to become full service providers overnight once the legal restriction on their entry into the long-distance market is lifted. By contrast, competition in the local exchange market is largely untested, and "the processes for switching customers for local service from the incumbent to the new entrant are novel, complex and still largely untested." Id. Even after all impediments to competition are removed, it will be a long time before competitive carriers will be able to offer full service to all their existing long-distance customers.

In light of this inherent disparity, the public interest requires that before the RBOCs are allowed into the long-distance market, the Commission must have a high degree of certainty that the various methods of competitive entry into the local market contemplated by the 1996 Act are "truly available." Ameritech Michigan Order ¶ 391.

BellSouth argues that the public interest favors its entry into the long-distance market because until that happens, the principal IXC carriers have no incentive to enter the local market. BellSouth Brief at 67. But BellSouth cites no evidence (other than an unsupported remark by the South Carolina PSC) to support the assertion that the major IXC carriers are staying out of local markets in order to forestall RBOC entry into the long-distance market. Indeed, the huge sums being spent by the major IXC carriers to enter the local market belie this assertion.[16] The fact of the matter is that the principal IXC carriers and the RBOCs have similar motives for seeking to enter each others' markets -- both hope to gain additional business offering full service packages (local plus long distance) to their existing customers as well as to others. Moreover, BellSouth ignores the many CLECS who are making a significant effort to enter the local markets.[17] The problem in the local markets is not a lack of incentives to compete, but obstacles to competition posed by the monopoly local networks.

In short, Congress concluded "that BOC entry into the long distance market would be anticompetitive unless the BOCs' market power in the local market was first demonstrably eroded by eliminating barriers to competition." Ameritech Michigan Order ¶ 18. For this reason, the focus of the public interest inquiry, despite BellSouth arguments, must remain on the status of competition in the local market.

2. There are a number of significant uncertainties on issues of crucial importance to prospective local exchange competitors, which make it impossible for the Commission to conclude that the BOCs market power has been "demonstrably eroded" and competitive entry is "truly available." Ameritech Michigan Order ¶¶ 18, 21.

The Commission must recognize that its recently issued universal service and access

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[16] See "MCI Widens Local-Market Loss Estimate," Wall St. J. (July 11, 1997) at A3 (MCI has invested more than $1 billion in local networks, and is forecasting a loss of some $800 million).

[17] One example of significant commitments already made to acquire competitive local exchange capability is WorldCom's acquisition of MFS in 1996 for some $12 billion, and its agreement to acquire Brooks Fiber earlier this month for some $2.4 billion.

reform orders only initiate the first steps in a long transition process towards rate structures that are fully conducive to local competition.[18] As the Commission recognized in its Access Reform Order, the current access charge and universal service regimes are inconsistent with vibrant local competition. Specifically, the current systems give local incumbents such as BellSouth and their long distance affiliates significant unreasonable advantages over unaffiliated local and long distance competitors. For example, while the Commission in its Access Reform Order plotted out a market-based approach for a transition path that it stated would ultimately lead toward cost-based interstate access charges, that transition will take several years to implement fully. Moreover, in light of the Eighth Circuit's decision in Iowa Utilities Board, it now appears that the market-based approach may not occur as planned, and that a prescriptive approach may be needed -- a prospect that could create further uncertainty as to the timing of the transition to cost-based rates. Access Reform Order ¶ ¶ 44-46. In the interim, above-cost charges for certain interstate access elements and below-cost charges for other elements will continue to significantly distort local and long distance competition. While the effect of at least some of those distortions may decline over time, at this point it is clearly premature to conclude that the local market in South Carolina is truly open to competition.

In addition, pending the development of cost models that would enable high cost support to be distributed on a competitively neutral basis both to large incumbent LECs such as BellSouth and to competitive entrants, BellSouth continues to receive implicit support with

[18] Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, FCC 97-157 (rel. May 8, 1997); Access Charge Reform, CC Docket No. 96-262, First Report and Order, FCC 97-158 (rel. May 16, 1997) ("Access Reform Order").

respect to those areas. Competitors still have no access to those support flows, and therefore cannot compete against BellSouth to serve customers in those areas. It would be unreasonable to enable BellSouth to offer its rural customers full service packages (local plus long distance) when the lack of full universal service reform prevents other parties from offering such packages.

Moreover, BellSouth's refusal to offer cost-based rates for network elements that the CLEC combines to provide telecommunications service would severely disrupt the Commission's overall strategy in its "trilogy" of rulemaking proceedings to use the local competition engendered by the platform to drive incumbent LECs' access charges toward cost-based levels. The ability of CLECs to combine network elements without paying the higher wholesale rate is essential in order to provide consumers everywhere (even in areas where local facilities construction is uneconomic) their first competitive choices for local telecommunications and "full service" packages.[19]

Finally, several RBOCs have announced plans to establish CLEC status for affiliated local exchange entities within their home regions. BellSouth recently sought approval from the South Carolina PSC to establish an affiliated CLEC -- "BellSouth Enterprises" -- to compete with BellSouth and others in the local exchange market in South Carolina.[20] This filing raises serious questions concerning whether BellSouth intends to use its affiliated CLEC as a means of avoiding its statutory obligations under Sections 251 and 252, or perhaps as a convenient "straw

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[19] See Access Reform Order at ¶ 227.

[20] Application of BellSouth BSE, Inc. for a Certificate of Public Convenience and Necessity for Authority to Provide Local Exchange Telecommunications Services in the State of South Carolina, SCPSC Docket No. 97-361-C, filed August 21, 1997.

man" for purposes of Section 271. Since authorization under section 271 presupposes continued good-faith compliance with sections 251 and 252, the public interest requires that the Commission be satisfied that BellSouth intends no such evasion of its statutory obligations.

The public interest requires that the Commission reject BellSouth's application.

CONCLUSION

For the reasons given, the Commission should deny BellSouth's application for interLATA entry.

Respectfully submitted,

Andrew D. Lipman

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Robert V. Zener
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Dated: October 20, 1997

206277.1

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION

In the Matter of	)	
	)	
Application by BellSouth Corporation et al. for Provision of In-Region, InterLATA Services in South Carolina	))))	CC Docket No. 97-208

DECLARATION OF
GARY BALL
ON BEHALF OF WORLDCOM, INC.

I, Gary J. Ball do hereby declare as follows:

1. I am the Assistant Vice President for Industry Relations of WorldCom, Inc. . My business address is 33 Whitehall Street, 15th Floor, New York, New York 10004. I am responsible for the regulatory oversight of commission dockets and other regulatory matters and serve as the representative of WorldCom, Inc. with various members of the telecommunications industry. I also am responsible for coordinating co-carrier discussions with local exchange carriers.

2. I graduated from the University of Michigan in 1986 with a Bachelor of Science degree in Electrical Engineering. After three years as a Radar Systems Engineer, I enrolled in the University of North Carolina Business School, from which I obtained a Masters of Business Administration in 1991. For the past six years, I have worked in the telephone industry. From

June 1991 through February 1993, I worked for Rochester Telephone Corporation, a local exchange carrier, beginning as a Network Planning Analyst, responsible for financial and technical analysis of new services and upgrades to its local exchange network. In February 1992, I was promoted to Senior Regulatory Analyst, responsible for developing state tariff filings and general regulatory support for dedicated and switched services. From February 1993 through August 1994, I worked for Teleport Communications Group, Inc., a competitive access provider, as Manager of Regulatory Affairs. I was responsible for developing and implementing regulatory policies on both state and federal levels, developing and filing all Company tariffs, ensuring regulatory compliance with state and federal rules, and providing support for business, marketing, and network plans. I joined MFS Communications Company, Inc. in August 1994 as Director of Regulatory Affairs for the Eastern Region. Following the merger of MFS Communications Company, Inc. into WorldCom, Inc., I was promoted to Assistant Vice President for Industry Relations.

WorldCom's Interest in This Proceeding

3. WorldCom, Inc. and certain of its operating subsidiaries (hereafter collectively called "WorldCom") are certified to provide local exchange service in the following states where BellSouth Telecommunications Corporation ("BellSouth") is the predominant incumbent LEC: Florida, Georgia, Mississippi, North Carolina and Tennessee. WorldCom is presently providing local exchange service in Florida and Georgia. WorldCom's interest in BellSouth's application for in-region, interLATA authority in South Carolina is twofold. First, BellSouth seeks to support its application by arguing that it has fulfilled its obligations under the competitive checklist in other states in its region. However, as more fully described in this declaration,

WorldCom's experience with BellSouth in other states has been that BellSouth is interposing significant obstacles to competitive carriers and is not fulfilling its obligations under the competitive checklist. If the FCC were to approve BellSouth's application in South Carolina based on its performance in other states, I believe that there is very little chance that BellSouth would improve its performance in other states and act in a manner that provides WorldCom and other competitive carriers a meaningful opportunity to compete in the local exchange market.

4. The second basis for WorldCom's interest in this proceeding is that WorldCom plans to become a nationwide carrier, and as such has an interest in seeing that there are no states in which the local exchange market remains an uncompetitive enclave.

WorldCom's Experience with BellSouth: Non-Availability of Mechanized Order Generation

5. WorldCom currently orders unbundled loops through an Access Service Request ("ASR"), which is transmitted electronically to BellSouth. The ASR process is the standard means through which interexchange carrier trunking is ordered from local exchange carriers. It was not designed to be used as a means to order unbundled network elements. It is my understanding that to order unbundled loops, WorldCom personnel must enter the order into the "comment" field of the ASR interface. Once received by BellSouth, BellSouth personnel must then read the comment field and manually enter WorldCom's order into the appropriate BellSouth system. BellSouth states that mechanized order generation, without manual intervention, became available for the main UNEs (loop, port, INP, loop+INP) on October 6, 1997. However, we have not been able to confirm that that in fact has happened, or what the impact has been on the processing of orders.

6. This arrangement is deficient. WorldCom's ability to order unbundled loops is not equivalent to BellSouth's ability to complete the same orders. BellSouth's orders are not subject to the two-part process I have described. To the extent that BellSouth personnel must read WorldCom's order and manually enter that order into BellSouth's system, a step BellSouth personnel need not perform for BellSouth's orders, BellSouth injects an additional opportunity for human error. WorldCom can only have parity to unbundled loop ordering when its access is equivalent to BellSouth's. BellSouth has not yet offered equivalent access.

7. WorldCom currently must place orders for interim number portability, 911 service and directory listing not electronically through the use of an interface, but manually by use of a fax machine. In practice, this means that when WorldCom gains the business of a former BellSouth customer and that customer wishes to retain its telephone number, WorldCom must submit two separate orders to BellSouth. First, WorldCom must order the unbundled loop through the ASR process. Second, WorldCom separately must fax orders for interim number portability, 911 service and directory listing.

8. On September 17, 1997, WorldCom personnel were notified that BellSouth changed the CFA format for ASR ordering from a t0 (tee zero) tie configuration (which is a BellCore standard) to a cable and pair assignment. The difficulty is that BellSouth's TIRKS system, that is used for ordering and provisioning LEC circuits, does not accept a mechanized feed (electronic ASR) with the cable and pair format in the CFA field (although it had accepted the t0 tie configuration). As a result of BellSouth's change of the CFA format, the BellSouth account team has told us that our provisioners must now manually enter the CFA information in the "Remarks" section of the ASR specifically for new IDLC central office installations. This is a non-standard practice that must now be used for new central offices, although the old system is

still used for other central offices, requiring the provisioning team to use two different systems within the same region. Utilizing the manual entry procedure increases the opportunity for error, particularly since the CFA requires an entry of 11 characters for each unbundled loop. In addition, the "Remarks" field is a limited space field -- only 3 lines of remarks may be transmitted. On a large unbundled loop order (21+ loops) there would not be room and multiple ASR's would be required, further increasing the problems of coordination and the likelihood of error. We have repeatedly requested information from BellSouth on when this problem will be fixed but have received no response.

9. Again, this CLEC ordering process does not offer WorldCom equivalent access because BellSouth's own ability to turn up a customer does not require simultaneous completion of two orders. To serve new customers, WorldCom's unbundled loop orders and orders for number portability, 911 service and directory listing must be fulfilled virtually simultaneously. WorldCom's unbundled loop order through the ASR process is useless until BellSouth begins porting the customer's number through interim number portability. And the customer should not have to wait for 911 service or directory listing. BellSouth's two step process that WorldCom must use for new customers -- which includes a manual order fulfillment component -- does not satisfy BellSouth's obligations under the 1996 Act because it cannot ensure that WorldCom's orders can be filled equivalent to BellSouth's orders.

10. There are several significant limitations to the LENS system which make it virtually useless for typical WorldCom business customers.

11. First, LENS is available for customers with a multi-line hunt group associated with their existing BellSouth service only if the customer is converted "as is." Our experience is that most business customers switching to WorldCom want added features or services as part of

their change of provider. If a customer with a multi-line hunt group wants added features or services in connection with moving its account to WorldCom, LENS is not currently available. Through use of a multi-line hunt group, business customers' incoming calls automatically can be routed to an available terminal if others are busy. A significant number of businesses use multi-line hunt groups as a means of routing incoming calls to various employees within their companies.

12. Second, LENS is not available for moves, adds or changes to the service provided to existing WorldCom customers.

13. Third, LENS only accepts orders of up to six lines at a time. The majority of its local service orders in states where WorldCom has begun to provide local service involve ten to twelve lines each. For WorldCom to place an order for a line customer requiring over six lines, at least two separate orders would actually need to be placed. These orders may be separated by BellSouth in processing, and may not be fulfilled in a coordinated fashion. BellSouth does not need to break its orders down in this manner, and can fill large orders at one time.

14. In addition, LENS is a non-standard interface. This is problematic for WorldCom. While BellSouth only needs a single OSS interface in its own business territory, WorldCom affiliates connect with all of the Regional Bell Operating Companies ("RBOCs") nationwide. BellSouth's use of a different OSS interface than other RBOCs makes it that much harder for WorldCom to compete nationwide and requires WorldCom to devote additional resources to supporting a non-standard interface.

<u>BellSouth Refusal to Pay Reciprocal Compensation</u>

15. By letters of August 12 and September 11, 1997, BellSouth informed WorldCom that it would no longer pay reciprocal compensation for local exchange traffic that was originated

by BellSouth's end users and terminated with WorldCom's end users, where the WorldCom end user is an enhanced service provider, including information service providers ("ISPs"). (A copy of the August 12 letter is attached as Exhibit A.) BellSouth has reiterated that position in its application for Section 271 authority. BellSouth's position has severe anticompetitive implications. Any carrier terminating calls to an ISP incurs costs in terminating such calls (which are the same costs incurred in terminating calls to any other end user). Since BellSouth controls most of the originating traffic within its territory, its newly announced position would force WorldCom and other new entrants to terminate these calls without compensation. The inevitable result would be that no CLEC would be willing to furnish service to an ISP, since providing that service would result in uncompensated termination costs. This would leave BellSouth with a de facto monopoly over ISP end users.

16. Further aggravating this anticompetitive effect, BellSouth is now offering its own Internet access service to consumers. By gaining monopoly power over local exchange service to ISPs and increasing their costs for network access, BellSouth will be in a position to drive competing ISPs out of the local market, thereby leaving BellSouth with a de facto monopoly over access to the Internet as well.

17. MFS Intelenet of Georgia, Inc., WorldCom's operating subsidiary in Georgia ("MFS/WorldCom"), has filed a complaint with the Georgia Public Service Commission, No. 8196-U, filed October 10, 1997, charging that BellSouth has violated the terms of its interconnection agreement. The agreement requires payment of reciprocal compensation for transport and termination of local traffic "billable by BellSouth or MFS which a Telephone Exchange Customer originates on BellSouth's or MFS' network for termination on the other Party's network." There is no exclusion based upon the identity or the characteristics of the

Telephone Exchange Service end user receiving the call.

<u>WorldCom's Experience with BellSouth: Other Problems</u>

18. In WorldCom's experience, BellSouth coordinated cutovers are anything but. The interconnection agreement between MFS/WorldCom and BellSouth provides that cutovers are to be completed in approximately 5-15 minutes per line. BellSouth has not been observing this standard. Customers of MFS/WorldCom have been out of service an unacceptably long period of time while BellSouth is to perform cutovers. While other RBOCs might be able to perform a cutover for a large business customer in one hour, BellSouth takes three-to-four hours. In addition, BellSouth limits the number of cutovers that it will perform and the hours in which it will perform them. With this BellSouth bottleneck, MFS/WorldCom will be hard pressed to convert customers in real time. BellSouth's performance does not comply with the interconnection agreement, and BellSouth cannot satisfy its Section 271 obligations with its current performance.

19. There have been instances in BellSouth's region where new WorldCom customers find that some BellSouth customers trying to call them get recorded messages indicating that the dialed number is not a valid number. That happens when the WorldCom NXXs are not loaded into each LEC end office within the LATA. This problem hurts WorldCom's reputation with its customers. In other regions, inadequate treatment of NXXs has also resulted in callers being told that a call to a WorldCom customer is long-distance rather than local (because the WorldCom NXX is not in the operator's data base), and in Internet Service Providers serviced by WorldCom receiving complaints from their customers that calls to the ISP have been billed at long-distance rates (although the ISP advertised that calls to it are local). BellSouth does testing to make

certain that this does not occur for its own customers. WorldCom has asked BellSouth to provide it written verification that it has done this testing for each new rate center established by WorldCom, to forestall the catastrophic effect on goodwill that this kind of incident generates. BellSouth has refused to provide such verification.

20. BellSouth's interconnection agreement with MFS/WorldCom provides that BellSouth will flow through to MFS/WorldCom those access charges associated with calls terminating on MFS/WorldCom's network through interim number portability. As a part of that agreement, BellSouth is to provide quarterly updates to MFS/WorldCom on the jurisdictional nature of ported calls (i.e. whether they are local or toll). Since MFS/WorldCom executed the agreement with BellSouth, we have spent months negotiating the appropriate means of flowing through this revenue, but have come to no resolution. BellSouth has told us that they will be unable to determine the percentage of local and toll calls which are ported until the end of 1997. MFS/WorldCom has suggested alternatives to approximate the number of local and toll calls in the meantime, but BellSouth has not responded whether it will provide an interim method. As a result, MFS/WorldCom has received no access charges for ported calls since late 1996, and until BellSouth agrees to an interim approach, MFS/WorldCom will continue to be unable to collect access revenues. BellSouth's failure to comply with the interconnection agreement reflects poorly on the other commitments it has made as to future compliance with checklist requirements.

21. As shown in BellSouth's letter dated May 8, 1997 (Exhibit B), callers were unable to reach at least eleven of our customers for the entire business day on May 6, 1997. BellSouth admitted that this was a result of BellSouth's improper routing of all of our customers' Remote Call Forwarded calls in one BellSouth central office switch.

22. Another recent example involves a customer which is served through BellSouth unbundled loops and which suffered repeated outages over a one-month period starting in late April of 1997. The trouble ticket reports reflected that the outages occurred at BellSouth's central office frame. Like most of the customers that we serve, this customer relies heavily on its phone service and is critically affected when such outages occur. This customer has become angry and is not likely to retain MFS/WorldCom dialtone service if it encounters additional outages. Thus, not only is MFS/WorldCom's reputation affected by problems with BellSouth unbundled network elements, which obviously makes it harder for MFS/WorldCom to attract new customers, but MFS/WorldCom is also very susceptible to losses of its existing customers. We do not know the cause of these problems (which we are routinely told stem from "frame trouble" or "jumpers were missing from line"), but suspect that the BellSouth cable-pair inventory system randomly assigns cable pairs that are already assigned to our unbundled loop customers. When this happens our customers' lines go dead and we have to call in a trouble ticket with BellSouth.

23. One problem WorldCom has encountered in Florida involves the pre-arranged dispatch of BellSouth technicians to customers' premises. Customers typically request that service conversions take place after business hours. In its efforts to accommodate such a customer request and win a new customer, WorldCom frequently schedules appointments with the BellSouth for which it must pay premium or overtime labor rates. When the BellSouth technician for any reason other than a customer-initiated change does not show up as originally scheduled, the whole point of the early scheduling procedure -- to ensure that WorldCom's

customer does not lose service during business hours -- is lost. Unfortunately, our experience has been that it is not an unusual occurrence for the scheduled conversion to be missed or delayed.

Deficiencies in BellSouth's OSS Performance Data

24. BellSouth presents data purporting to show that its performance in filling service orders received from competing carriers is at least as good as for service orders received internally. Specifically, the Affidavit of William N. Stacy dealing with Performance Measures ("Stacy Performance Aff't") presents comparative data on "issue to original due date intervals" ("service order intervals"), purporting to show that BellSouth's performance for internal and external orders is equivalent. Stacy Performance Aff't ¶¶ 52-54 and Exhs. WNS-10, WNS-10B, WNS-10C. However, the interval measured by this data only starts running, in BellSouth's words, from "the Issue Date (Date in which we have a good LSR and issue a service order in SOCS)." Stacy Performance Aff't Exh. WNS-10A. This data does not address the interval between WorldCom personnel placing an order, and issuance of the service order by BellSouth personnel. That is the interval in which the delays caused by manual processing take their biggest toll, and that interval is not captured by BellSouth's data. In that connection, I note that Stacy states that comparative data from BellSouth on Provisioning Order Reject/Error Notice and Provisioning Firm Order Confirmation is "not available at this time." Stacy Performance Aff't ¶ 43.

25. BellSouth also presents data purporting to show a parity in due dates met. Stacy Performance Aff't ¶¶ 18-24. There are at least two deficiencies in this data. First, the data does not address the issue of how long it takes to get the due date set in the first place, rather than

meeting the due date once it is set. Second, BellSouth's comparative data for provisioning of both residential and business resale applies only to POTS, which omits a very significant segment of the market. Stacy Performance Aff't Exh. WNS-1.

26. The same deficiencies exist with respect to BellSouth's "Unbundled Loops Report." Stacy Performance Aff't ¶ ¶ 23, 24 and Exh. WNS-3. That Report states the percentage of due dates missed for provisioning unbundled loops, but gives no idea on how long it took for the CLEC to get a due date confirmed, or what the interval was between the original CLEC request and the due date. BellSouth "recognizes that insufficient historical data exists to establish process control measures for unbundled network elements it provides only to CLECs." Stacy Performance Aff't ¶ 35. It states that it has "published a set of target intervals for provisioning UNEs." Id. These targets range from 4 to 90 business days, depending on the element ordered and the quantity. Id., Exh. WNS-7. Again, the targets do not address the issue of how long it takes the CLEC to get an order confirmed. Nor is there any showing that these target dates give the CLEC a meaningful opportunity to compete in seeking to offer a full service package to a customer, particularly when BellSouth, if authorized to provide interLATA service, would be in a position to switch the customer to its full service package virtually instantaneously.

I declare under penalty of perjury that the foregoing is true correct.

Executed on October 17, 1997

Gary J. Ball

Gary J. Ball

EXHIBIT A

Letter dated August 12, 1997
from BellSouth
to All Competitive Local Exchange Carriers

RECEIVED AUG 2 _ _ _

BELLSOUTH

BellSouth Telecommunications, Inc.
Room 4428
675 West Peachtree Street, N.E.
Atlanta, Georgia 30375

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Fax 404 420-8291
Internet: Ernest.L.Bush
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Ernest L. Bush
Assistant Vice President -
Regulatory Policy & Planning

SN91081223

August 12, 1997

To: All Competitive Local Exchange Carriers

Subject: Enhanced Service Providers (ESPs) Traffic

The purpose of this letter is to call to your attention that our interconnection agreement applies only to local traffic. Although enhanced service providers (ESPs) have been exempted from paying interstate access charges, the traffic to and from ESPs remains jurisdictionally interstate. As a result, BellSouth will neither pay, nor bill, local interconnection charges for traffic terminated to an ESP. Every reasonable effort will be made to insure that ESP traffic does not appear on our bills and such traffic should not appear on your bills to us. We will work with you on a going forward basis to improve the accuracy of our reciprocal billing processes. The ESP category includes a variety of service providers such as information service providers (ISPs) and internet service providers, among others.

On December 24, 1996, the Federal Communications Commission (FCC) released a Notice of Proposed Rule Making (NPRM) on interstate access charge reform and a Notice of Inquiry (NOI) on the treatment of interstate information service providers and the Internet, Docket Nos. 96-262 and 96-263. Among other matters, the NPRM and NOI addressed the information service provider's exemption from paying access charges and the usage of the public switched network by information service providers and internet access providers.

Traffic originated by and terminated to information service providers and internet access providers enjoys a unique status, especially call termination. Information service providers and internet access providers have historically been subject to an access charge exemption by the FCC which permits the use of basic local exchange telecommunications services as a substitute for switched access service. The FCC will address this exemption in the above-captioned proceedings. Until any such reform affecting information service providers and internet access providers is accomplished, traffic originated to and terminated by information service providers and internet access providers is exempt from access charges. This fact, however, does not make this interstate traffic "local", or subject it to reciprocal compensation agreements.

Please contact your Account Manager or Marc Cathey (205-977-3311) should you wish to discuss this issue further. For a name or address change to the distribution of this letter, contact Ethylyn Pugh at 205-977-1124.

Sincerely,

E. L. Bush

<u>EXHIBIT B</u>

Letter dated May 8, 1997
from BellSouth
to Ms. Andrea L. Gavalas at WorldCom

EXHIBIT B

BELLSOUTH

BellSouth Interconnection Services 205 [illegible]
Suite 300
One Chase Corporate Drive
Hoover, Alabama 35244

May 8, 1997

Ms. Andrea L. Gavalas
Sr. Manager, Network Implementation
WorldCom
One Tower Lane, Suite 1600
Oakbrook Terrace, IL 60181

Dear Andrea:

The following information is provided in response to your letter dated May 7, 1997, requesting a formal statement detailing the cause of outages from the Buckhead C.O. on May 6.

On May 6, the Buckhead 1A switch was being converted to a 5E. During that conversion, all Remote Call Fowarded numbers were defaulted to one (1) path, which caused all customers working out of that switch with RCF to experience call blockage. This was a procedural problem that has been corrected whereby during future conversions, an extract will be taken from our CRIS database detailing the number of paths established on each RCF. This information will be fed into the 5E switch allowing for proper call flow.

The number of paths provisioned is a tariffed item, therefore these are typically built into our switches on a per number basis. A limitation in the 1A switch, however, made it necessary to either limit the number of paths allowed or build one simulated facilities group with unlimited paths for all customers. One SFG group had been built in this switch and the effect on the number of paths during conversion was unforeseen. Again, procedures have been put into place preventing a recurrence.

On behalf of BellSouth, I apologize for this interruption in service to your customers. We will continue to make every effort to provide you with the best possible service in the industry and look forward to speaking with you in the near future.

Sincerely,

Brenda Douglas

Brenda Douglas
Systems Designer
WorldCom Account Team

cc: Van Cooper
David Jones

Commenter: WorldCom, Inc.
Applicant: BellSouth
State: South Carolina
Date: October 20, 1997

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing COMMENTS OF WORLDCOM, INC., IN OPPOSITION TO BELLSOUTH APPLICATION FOR INTERLATA AUTHORITY IN SOUTH CAROLINA were served to each on the attached mailing list, either by Hand Delivery (as designated with an asterisk (*)), or by First Class Mail, postage prepaid, this 20th day of October 1997.

Robert V. Zener

(Original + 11 copies + Disk)
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Office of the Secretary
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